

OSA-1575-67

Contracts No. SC-59

SC-61

19 APR 1967

SC-62

SP-1928

Lockheed Aircraft Corporation  
Burbank  
California

Gentlemen:

1. The limitation of the Government's obligation under contracts with your organization is fixed by the funding authorized and recited in a particular contractual document.

2. Whenever you have reason to believe that the total cost of the contract will be greater than either the estimated cost thereof or in excess of the approved funding, it is requested that you advise the Contracting Officer immediately of the extent of any overrun or additional cost anticipated under the contract with the reasons therefor and detailed cost information in support of the need for such additional funds.

3. You are reminded that you are not to incur costs in performance of a contract in excess of the amounts stipulated in the written contract, unless and until the Contracting Officer notifies you that such excess amounts have been authorized.

4. Further, timely notice is of the essence and authorization to perform additional work or to incur additional costs may come only from the Contracting Officer.

Yours very truly,

THE UNITED STATES OF AMERICA

STATINTL

Contracting Officer

Approved For Release 2002/09/03 : CIA-RDP69B00279R000200130019-0

FORM  
11-63

**SECRET**

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

( 1 2 )

SECRET

CONTRACT

PRECONTRACT APPROVAL RECORD  
(PART TWO)

LOCKHEED AIRCRAFT CORP.

SP-1928

The services and equipment being procured by this Contract No. \_\_\_\_\_ Amendment No. 1 \_\_\_\_\_ are in furtherance of the IDEALIST Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Contract No. SP-1928 covers conversion of 7 FOG U-2 aircraft to "C" models. In addition, four sets of conversion parts including sheet metal, machine and purchased parts and equipment.

Amendment No. 1 provides for the following:

- a. Addition of Item 3 for converting three (3) additional aircraft, serial nos. 368, 374, and 394.
- b. Revised delivery date of 31 July 1967.
- c. Revised target and ceiling price for the total contract.
- d. Increase in funding to the ceiling price.
- e. Revised interim billing prices.

The Contractor by proposal dated 19 August 1966 quoted for converting three additional aircraft. Several changes were made as to the particular aircraft to be converted. Changes were occasioned by loss of an aircraft and rescheduling of assets between SAC and OSA. As a result, the Contractor was required to submit a revised quote which was dated 27 December 1966. An audit analysis was requested on 10 January 1967. The audit report is dated 9 March 1967, I-67-29-70 (OSA-0986-67). The Contractor through October 1966 was experiencing an underrun in costs on the original scope. Listed in Exhibit "A" is a comparison of proposals, audit recommendations, offer and acceptance.

It is felt that the IAC counter offer is reasonable and SPO concurs in view of the type of contract, i.e. Price Redeterminable.

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